GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2082
ANSWERED ON:03.08.2001
DIRECT TAX COLLECTION
HANNAN MOLLAH

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that more people would be brought into the tax bracket by reducing exempted category of individuals and moderate level of tax rates;

(b) whether it is also a fact that the role played by the Settlement Commission in ariving fair and just settlement of income-tax disputes has resulted in realisation of substantial revenue; and

(c) if so, to what extent the direct tax collection has increased during the last fiscal year particularly the corporate tax?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. GINCEE N. RAMACHANDRAN)

(a) The Income-tax Act does not specify any category of individuals who are exempted from tax. However, certain types of income are exempt from tax. Reducing the number of such exempted types of incomes could result in more people coming into the tax bracket and also increase the tax collection. Further, moderate level of tax rates tend to increase the level of voluntary compliance by encouraging people to pay taxes. This is evidenced by substantial increase in the number of taxpayers and the higher level of tax collection in the last three years.

(b) The revenue realised through the machinery of Settlement Commission does not make much of impact on the overall revenue collection.

(c) Although there is an overall increase of 20.11% in direct tax collection (16.16% in the case of Corporate tax) during the last fiscal year (2000-2001) compared to the previous year, this increase is not attributable/related to settlement of disputes through the Settlement Commission.